

Members

Rep. William Crawford, Chairperson
Rep. William Bailey
Rep. Charlie Brown
Rep. Ralph Ayres
Rep. Vaneta Becker
Rep. David Frizzell
Sen. Patricia Miller
Sen. Robert Meeks
Sen. Joseph Zakas
Sen. Rose Antich
Sen. Samuel Smith, Jr.
Sen. Vi Simpson



SELECT JOINT COMMITTEE ON MEDICAID OVERSIGHT

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Authority: P.L. 130-1998

MEETING MINUTES¹

Meeting Date: October 22, 1999
Meeting Time: 10:30 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 4

Members Present: Rep. William Crawford, Chairperson; Rep. William Bailey; Rep. Charlie Brown; Rep. Vaneta Becker; Rep. David Frizzell; Sen. Patricia Miller; Sen. Robert Meeks; Sen. Rose Antich.

Members Absent: Rep. Ralph Ayres; Sen. Joseph Zakas; Sen. Samuel Smith, Jr.; Sen. Vi Simpson.

Representative Crawford called the meeting to order at approximately 10:45 a.m.

Electronic Data Systems (EDS) Medicaid Provider Survey

Mary Simpson, EDS, gave Committee members a handout and introduced Dawn McNeal, Consultant, Bryce-Harrison, Inc. (See Exhibit 1.) Ms. McNeal discussed the information in the handout, including the following topics: selection of providers surveyed; questions asked on survey; results of survey; overall provider satisfaction; and recommendations.

Committee members voiced concern over the method used to select survey participants and suggested that the selection of participants in any future provider surveys be conducted in a manner that allows the percentages of survey participant types (e.g.,

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

physicians, hospitals, dentists, etc.) to reflect the percentages of provider types participating in Medicaid.

Information Requested from the Office of Medicaid Policy and Planning (OMPP)

Kathy Gifford, Assistant Secretary, OMPP, distributed a handout to Committee members containing information requested by the Committee at a previous meeting. (See Exhibit 2.) Ms. Gifford briefly discussed the information contained in the handout, including the following topics: update on rules OMPP was required to adopt or amend by 1999 Acts; projections of cost and impact of increasing Medicaid physician reimbursement rates; breakdown of how Children's Health Insurance Program (CHIP) funds are spent, including administrative expenditures; costs for transportation of Medicaid members to get prescriptions; response to letter from American College of Emergency Physicians; Family and Social Services Administration (FSSA) ability to track persons who are no longer eligible for Temporary Assistance to Needy Families (TANF) but are still eligible for Medicaid; enrollment data by type of enrollment center; information regarding Medicaid members served in psychiatric units of acute care hospitals and potential savings from use of a waiver to provide service in Institutions for Mental Disease (IMD); and copies of survey instruments used in the Hoosier Healthwise member survey.

Responding to questions from Committee members, Ms. Gifford explained that the figures regarding increasing physician reimbursement rates contained in the handout were reached by rebasing the rate for services based on the Medicare system for weighting the cost of specific services, and then adjusted for inflation. Two options are presented: rebasing plus 9% inflation; and rebasing plus 4% inflation. Ms. Gifford stated that the 9% inflation proposal should be sufficient to address the financial problems discussed at the Committee's previous meeting by participating Bartholomew County physicians. Ms. Gifford noted that a narrower, more focused, and less expensive approach would be to keep reimbursement rates steady but increase the monthly case management fee a physician in the Primary Care Case Management (PCCM) program receives for each Medicaid member enrolled on the physician's panel. Committee members remarked that any rebasing or other adjustment of reimbursement rates should not result in any type of provider seeing a decrease in rates while other provider types see an increase.

Ms. Gifford reported that transportation of a Medicaid member to a pharmacy to pick up a prescription is not a service covered under Indiana's fee for service or PCCM programs. However, Managed Health Services (MHS), one of the state's Medicaid health maintenance organizations (HMO), provides Medicaid members served by MHS with transportation to a pharmacy. Representative Crawford requested OMPP to provide written information to Committee members regarding the justification for providing transportation services to Medicaid members in some parts of the state but not others and for transportation to some services (e.g., doctor's appointment) but not others (e.g., pharmacy).

Consideration of Preliminary Drafts (PD)

The Committee approved PD 3393 by a vote of 8-0. (See Exhibit 3.) This bill reestablishes the Committee, specifies the Committee's responsibilities, and requires the contractor responsible for paying provider claims under the Medicaid program to report to the Committee on Medicaid expenditures. The bill provides that the Committee operates under the jurisdiction of the Legislative Council, but that the Committee may meet at any time during the calendar year.

The Committee discussed PD 3483, authored by Representative Becker. (See Exhibit 4.)

This bill provides that payment rates to providers participating in the Medicaid fee for service or PCCM programs may not be less than the average of rates paid to providers for providing similar services under similar programs in Illinois, Michigan, Ohio, and Wisconsin. Ms. Gifford of OMPP stated that the fiscal impact of the PD would probably be less than the estimated fiscal impact of rebasing reimbursement rates and including a 9% inflation increase. Committee members agreed that the approach of PD 3483 may not be the final approach taken to increasing physician provider reimbursement rates, but the Committee believes the issue is one that must be addressed in the upcoming legislative session. The Committee approved PD 3483 by a vote of 7-1.

Any Willing Provider and Pharmacies

Ms. Gifford commented that any willing provider mandates operate counter to the basic principles of managed care. Ms. Gifford stated that the state receives a benefit by allowing an HMO to negotiate exclusive contracts with pharmacies, a benefit that would be lost if the HMO were required to include any willing pharmacy in its network.

Mike McKinney, CEO and President, MHS, and Calvin Bankhead, Walgreen's Corporation, testified regarding the negotiations that were held between MHS and Walgreen's prior to MHS entering into an exclusive contract with CVS Pharmacies. MHS had offered to include Walgreen's in the Medicaid prescription network under the same terms as CVS, but Walgreen's declined due to an outstanding balance owed for previous services. Mr. McKinney and Mr. Bankhead agreed to continue negotiations regarding including Walgreen's in MHS's pharmacy network. Representative Crawford remarked that legislative action is always a possibility if negotiations are not able to address the issues.

College of Emergency Physicians

Lou Belch, American College of Emergency Physicians, informed the Committee that he had recently met with Mr. McKinney of MHS regarding the issues raised by the Emergency Physicians at the Committee's previous meeting and the resulting recommendations made to the Committee in writing. (See Exhibit 4.) Mr. Belch stated that he believes the issues can be resolved within the next 30 days and will not require any legislative action.

Adjournment

Representative Crawford thanked the Committee members for their service this interim. The Committee expressed its thanks to Representative Crawford and to all persons who testified before the Committee or otherwise provided information.

There being no further business to come before the Committee, Representative Crawford adjourned the meeting at approximately 12:25 p.m.